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SUBJECT: Chinese Ambassador Discusses Fiji and the Upcoming PIF Meeting in Cairns

REF: SUVA 267

1. (SBU) Summary: Ambassador of the Peoples Republic of China in Suva Han Zhiqiang and Ambassador McGann met on June 29 to compare understandings regarding the August 4-7 Pacific Islands Forum (PIF) Leaders meeting in Cairns. Han, who wanted to meet prior to departing Suva for Beijing, observed that Australian officials plan to focus on regional economic development and explore how international funding institutions such as the World Bank and International Monetary Fund, linked to the G20 process, can assist Pacific island countries. Han welcomed a discussion at Cairns regarding issues related to development assistance, donor coordination, and the regional impact of the international financial crisis. He noted that Australia will release a major regional economic policy paper on July 30, which might not allow time for Beijing to react properly to any new proposals.

2. (SBU) Han noted that while neither the PIF Secretariat nor Australia wants Fiji's political situation to dominate the discussions, both recognize that the question of Fiji's role will need to be taken into account at the meeting. He emphasized that this would not legitimize Fiji's coup-derived government but recognize its regional economic role. Han sees Fiji's economic crisis as easing with recent increases in foreign reserves and somewhat higher numbers of tourist arrivals but believes the economy will continue its general downward spiral as exports fall and unemployment rises. Added Han, this is why we encourage Australia and New Zealand to keep open a proper channel of dialogue with Fiji.

3. (SBU) Han said that China had not yet identified who would lead its delegation to Cairns. He opined that Vice Minister of Foreign Affairs He Yafei or Assistant MFA Liu Jieyi's yet-to-be named successor are both possibilities. Han indicated that he would attend as well. As part of ongoing cooperation regarding the Pacific, Han suggested bilateral talks on the margins of the Forum. Noting that his embassy in Canberra is handling the PRC delegation's accreditation and logistics issues for Cairns, Han asked that the

U.S. side propose a possible time for the bilats through the PRC's Washington embassy.

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